(b) if so, the complete details of the proposals being considered by Government?

THE MINISTER OF STATE OF THE MINISTRY OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA): (a) and (b) The Ministry is engaged in review of the Companies Act, 1956 with a view to enabling comprehensive revision of the same. For this purpose a committee of Experts headed by Dr JJ Irani has been constituted to advise the Government. The Committee is expected to submit its recommendations by May 2005. An appropriate framework for exit norms for companies and directors would be considered along with other legislative changes that may be necessitated.

Inflation rate

†3426. SHRI RAM JETHMALANI:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that inflation rate had been 8.7 per cent during the month of August in the year 2004-2005;

(b) if so, how much it was more in comparison to the inflation rate in the beginning or at the end of the year 2004-2005; and

(c) the reasons for being the highest in the month of August?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (c) Fiscal year 2004-05 started with the annual point to point inflation rate at 4.5 per cent in terms of Wholesale Price Index (base: 1993-94) as on 3rd April, 2004. The inflation rate reached a peak level of 8.7 per cent on 28th August, 2004 during the year. After that, there was a downward trend of inflation and the year ended with an inflation rate of 5 per cent as on 26th March, 2005. The highest inflation on 28th August, 2004 was due to very high inflation rate of 9.1 per cent for primary articles, 7.2 per cent for manufactured products and 12.8 per cent for fuel, power, light and lubricants.

Interest rates on educational loans

3427. SHRIMATI N.P. DURGA: Will the Minister of FINANCE be pleased to state:

(a) the details of interest rates that are being charged by various institutions for education purpose;

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†Original notice of the question was received in Hindi.

(b) whether it is a fact that the Planning Commission expressed its opinion to slash the interest rates on educational loans to make them more affordable:

(c) whether it is also a fact that the Planning Commission has proposed to give Income Tax relief on such borrowings; and

(d) if so, action contemplated by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) As per the model education loan scheme of Indian Bank's Association the interest rate to be charged by banks on Educational Loan upto Rs. 4 lakh is not to exceed the Benchmark Prime Lending Rate (BPLR) and for loans above Rs. 4 lakh, the interest rate is not to exceed BPLR plus 1 percent per annum.

(b) and (c) Yes, Sir. The Planning Commission had opined that the education loan scheme may be reviewed with a view to working out modalities for reducing the rate of interest. Also it discussed income tax rebate on educational loans.

(d) The lending rates are linked to the BPLR fixed by banks. These have been showing a declining trend during the recent past. With regard to income tax relief, in the Union Budget 2005-06 it has been proposed to allow without any limit, the entire amount of interest paid by an individual during the previous year on such loan taken from any financial institution or any approved charitable institution for the purposes of pursuing higher education, as a deduction from the total income. However, no deduction shall be allowed for repayment of the principal loan amount. The deduction shall be allowed for eight years beginning from the year in which payment of interest on the loan begins. Under the existing provisions of section 80E, a deduction of rupees forty thousand is allowed to an individual on account of any amount paid by him in the previous year by way of repayment of loan, or interest on such loan, taken from any financial institution or any approved charitable institution for the purpose of pursuing higher education. The proposed amendment shall take effect from 1st April, 2006 and will, accordingly, apply in relation to the assessment year 2006-07 and subsequent years.

Guidelines on VAT by the Empowered Committee

3428. SHRI DARA SINGH CHAUHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that clear guidelines with respect to